

COMCARE, THE SAFETY,
REHABILITATION AND
COMPENSATION COMMISSION,
AND THE SEAFARERS SAFETY,
REHABILITATION AND
COMPENSATION AUTHORITY

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Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

Comcare partners with workers, their employers and unions to keep workers healthy and safe, and reduce the incidence and cost of workplace injury and disease. Comcare is also responsible for managing Commonwealth common law liabilities for asbestos compensation.

Comcare looks to deliver better services to the Australian community, guided by Comcare's Strategic Plan 2010–2015 (2015 Plan). Comcare's 2015 Plan builds on three fundamental themes:

- Innovation – new services and support for workers and their employers.
- Collaboration – new initiatives partnering with stakeholders, business and governments.
- Impact – improved, efficient business practices, capacity and capability to deliver better services.

Comcare is responsible for the following outcomes:

- The protection of the health, safety and welfare at work of workers covered by the Comcare scheme through education, assurance and enforcement.
- An early and safe return to work and access to compensation for injured workers covered by the Comcare scheme through working in partnership with employers to create best practice in rehabilitation and timely and accurate management of workers' compensation claims.
- Access to compensation for people with asbestos-related diseases where the Commonwealth has a liability through management of claims.

In addition to its regulatory and claims management functions, Comcare provides secretariat and related functions to support the Safety, Rehabilitation and Compensation Commission (SRCC) and the Seafarers Safety, Rehabilitation and Compensation Authority (Seacare Authority).

For 2013–14, implementing the 2015 Strategic Plan remains Comcare's focus. The plan links directly to government priorities to improve productivity with higher workforce participation, to improve social inclusion, and build community resilience.

Comcare's priorities in 2013–14 include:

- promoting mental health and wellbeing at work, preventing psychological harm and promoting the health benefits of work
- effectively targeting known and emerging work health and safety risks
- promoting the ability to work and reducing unnecessary incapacity from workplace harm
- tackling the drivers of increased claims liabilities to strengthen our balance sheet

- being an exemplary workplace to attract, retain and inspire people who are passionate about their work.

Responding to Government initiatives and priorities is a central activity in Comcare's work. In 2013–14 these include:

- the Australian Work Health and Safety Strategy 2012–2022
- the 2012 review of the *Safety, Rehabilitation and Compensation Act 1988* (SRC Act) by Peter Hanks QC and Dr Allan Hawke AC
- the Australian Government response to workplace bullying report – *Workplace Bullying "We just want it to stop"*
- the review of the Seacare Scheme
- the National Strategic Plan for Asbestos Awareness and Management.

In response to issues raised in the SRC Act Review, Comcare will be exploring the appropriate business model and governance to deliver its statutory charters.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all sources. The table summarises how resources will be applied by outcome and by administered and departmental classification.

Table 1.1 Comcare resource statement – Budget estimates for 2013–14 as at Budget May 2013

Source	Estimate of prior ⁺ year amounts available in 2013-14 \$'000	Proposed at Budget ⁼ 2013-14 \$'000	Total estimate 2013-14 \$'000	Actual available appropriation 2012-13 \$'000
Opening balance/Reserves at bank	3 14,506	-	3 14,506	239,148
REVENUE FROM GOVERNMENT				
Ordinary annual services¹				
Outcome 1	-	782	782	781
Outcome 2	-	424	424	423
Outcome 3	-	5,085	5,085	5,075
Total ordinary annual services	-	6,291	6,291	6,279
Total funds from Government	-	6,291	6,291	6,279
FUNDS FROM INDUSTRY SOURCES				
Licence fees	-	15,766	15,766	14,840
Total	-	15,766	15,766	14,840
FUNDS FROM OTHER SOURCES				
Interest	-	23,986	23,986	24,263
Sale of goods and services	-	2,342	2,342	2,760
Regulatory Contributions	-	19,574	19,574	17,463
Grants from Portfolio Department ²	-	66,312	66,312	66,001
Workers' Compensation Premiums	-	448,719	448,719	377,889
Total	-	560,933	560,933	488,376
Total net resourcing for agency	3 14,506	582,990	897,496	748,643

Comcare is not directly appropriated as it is a CAC Act body. Instead, appropriations are made to Department of Education, Employment and Workplace Relations (DEEWR) and subsequently paid as grants to Comcare.

¹Appropriation Bill (No. 1) 2013-14

² Grants from Portfolio Departments includes special appropriations under the *Safety, Rehabilitation and Compensation Act 1988* for the payment of pre-premium claims costs and the *Asbestos-related Claims (Management of Commonwealth Liabilities) Act 2005* for asbestos-related claims settlements.

Note: The movement in workers' compensation and common law asbestos claims liabilities are non-cash in nature and are therefore excluded from this Statement.

1.3 BUDGET MEASURES

Budget measures in Part 1 relating to Comcare are detailed in Budget Paper No. 2 and summarised below.

Table 1.2 Agency 2013–14 Budget measures

Part 2: MYEFO measures not previously reported in a portfolio statement

	Program	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Expense Measures						
Targeted Savings - public service efficiencies	1					
Administered expenses		-	-	-	-	-
Departmental expenses		(21)	(32)	(25)	(21)	(19)
Total		(21)	(32)	(25)	(21)	(19)
Total measures						
Administered		-	-	-	-	-
Departmental		(21)	(32)	(25)	(21)	(19)
Total		(21)	(32)	(25)	(21)	(19)

Prepared on a Government Finance Statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which Government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs, specifying the performance indicators and targets used to assess and monitor the performance of Comcare in achieving Government outcomes.

Outcome 1

The protection of the health, safety and welfare at work of workers covered by the Comcare scheme through education, assurance and enforcement

Outcome 1 strategy

Comcare will achieve this outcome through:

- promoting worker health, wellbeing and resilience
- promoting the positive links between work and health
- focusing on preventing harm in the workplace, keeping workers healthy and safe at work, and reducing the number and severity of safety incidents
- education and assurance services that will focus on employers not providing a healthy and safe work environment
- responding to health and safety incidents in a timely way and ensuring appropriate justice in response to death, serious injury or dangerous occurrences
- enforcing compliance with the regulations under the new work health and safety laws
- continuing to work with other regulators to ensure there are no work health and safety gaps in coverage by regulators.

Outcome 1 Expense statement

Table 2.1.1 provides an overview of the total expenses for Outcome 1, by program.

Table 2.1.1 Budgeted expenses for Outcome 1

Outcome 1: The protection of the health, safety and welfare at work of workers covered by the Comcare scheme through education, assurance and enforcement	2012-13 Estimated actual expenses \$'000	2013-14 Estimated expenses \$'000
Program 1.1: Comcare		
Revenue from Government		
Ordinary annual services (Appropriation Bill No. 1)	781	782
Revenues from industry sources	9,140	9,328
Revenues from other independent sources	14,289	14,513
Total for Program 1.1	24,210	24,623
Outcome 1 Totals by resource type		
Revenue from Government		
Ordinary annual services (Appropriation Bill No. 1)	781	782
Revenues from industry sources	9,140	9,328
Revenues from other independent sources	14,289	14,513
Total expenses for Outcome 1	24,210	24,623
	2012-13	2013-14
Average Staffing Level (number)	141	136

Contributions to Outcome 1

Program 1.1 Comcare

Program objective

The objectives for this program are:

- promoting worker health, wellbeing and resilience
- preventing harm in federal workplaces
- stronger enforcement and justice outcomes
- compliance with federal work health and safety laws and transition to new codes of practice and guidance material.

Program 1.1 expenses

- Comcare is maintaining resourcing to match the Government’s expectations about the level of regulatory intervention and the need to continue the positive trend in injury prevention.

Table 2.1.1A Program 1.1 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forw ard year 1 \$'000	2015-16 Forw ard year 2 \$'000	2016-17 Forw ard year 3 \$'000
Annual departmental expenses:					
Annual Appropriation	781	782	773	776	783
Expenses not requiring appropriation in the Budget year	23,429	23,841	24,644	24,947	25,251
Total program expenses	24,210	24,623	25,417	25,723	26,034

Program 1.1 deliverables

The program deliverables for this outcome are:

- improved work design to reduce psychosocial risks
- increased impact of health and safety representatives in improved work health and safety outcomes
- stronger regulation of psychosocial hazards
- work health and safety campaigns on priority risks and workplaces
- scheme employers and front-line managers have increased capability to implement work health and safety systems and standards to prevent harm in federal workplaces
- work health and safety duties and obligations are well understood and applied
- investigative, inspectorate and audit services respond to health and safety incidents in a timely way and ensure appropriate safety and/or justice outcomes in response to death, serious injury or dangerous incidents
- contribution to the delivery of the Australian Work Health and Safety Strategy 2012–2022.

- delivery of recommendations from the Australian Government response to workplace bullying report – *Workplace Bullying “We just want it to stop”*.

Program 1.1 key performance indicators

The key performance indicators for this outcome are:

- worker satisfaction with Comcare’s work health and safety support and guidance and the impact of Comcare’s regulatory interventions
- the success of prosecutions and civil actions for breaches of the *Work Health and Safety Act 2011*
- further performance indicators are described in the table below.

Table 2.1.1B Key performance indicators for Program 1.1

Key performance indicators	2012-13 Revised budget	2013-14 Budget target	2014-15 Forw ard year 1	2015-16 Forw ard year 2	2016-17 Forw ard year 3
Number of compensated injury fatalities	2	-	-	-	-
Number of claims involving one week or more lost time per 1,000 FTE employees	8.0	8.1	7.8	7.6	7.3

Outcome 2

An early and safe return to work and access to compensation for injured workers covered by the Comcare scheme through working in partnership with employers to create best practice in rehabilitation and quick and accurate management of workers' compensation claims

Outcome 2 strategy

Comcare will achieve the outcome through:

- supporting workers with injuries from the time of their initial contact, through recovery and return to health, return to work and return to independence
- supporting employers to build culture and systems that support earlier recovery and return to work, implementing measures to reduce incapacity and realise the health benefits of work
- better understanding the experience and expectations of injured workers
- delivering services that are co-designed with the community Comcare serves
- improving the quality, consistency and timeliness of claims decisions through better use of information, tools and expertise
- delivering improved claims management efficiency by improving business processes and systems
- using targeted interventions and working with the Comcare community, informed by improved insight and intelligence
- adopting premium strategies that reward and improve scheme performance
- ensuring cost recovery and premium models are robust and contemporary to be cost effective, accountable and ensure value for money
- strong balance sheet management to improve financial performance and preserve financial integrity
- supporting the Safety, Rehabilitation and Compensation Commission to effectively regulate Comcare licensed self-insurers
- consideration and adoption of relevant recommendations of the SRC Act Review.

Outcome 2 expense statement

Table 2.1.2 provides an overview of the total expenses for Outcome 2, by program.

Table 2.1.2 Budgeted Expenses for Outcome 2

Outcome 2: An early and safe return to work and access to compensation for injured workers covered by the Comcare scheme through working in partnership with employees to create best practice in rehabilitation and quick and accurate management of workers' compenstion claims	2012-13 Estimated actual expenses \$'000	2013-14 Estimated expenses \$'000
Program 1.2: Comcare		
Revenue from Government		
Ordinary annual services (Appropriation Bill No. 1)	423	424
Grants received from portfolio department	45,573	42,355
Revenues from industry sources	5,700	6,438
Revenues from other independent sources	325,080	332,326
Revenues from other independent sources ¹	9,981	11,750
Total for Program 1.2	386,757	393,293
Outcome 2 Totals by resource type		
Revenue from Government		
Ordinary annual services (Appropriation Bill No. 1)	423	424
Grants received from portfolio department	45,573	42,355
Revenues from industry sources	5,700	6,438
Revenues from other independent sources	325,080	332,326
Revenues from other independent sources ¹	9,981	11,750
Total expenses for Outcome 2	386,757	393,293
	2012-13	2013-14
Average Staffing Level (number)	496	479

¹ This revenue relates to non-cash movements in workers' compensation claims liabilities.

Contributions to Outcome 2

Program 1.2: Comcare

Program objective

The objectives of this outcome are to:

- strengthen recovery and support information and services for workers with an injury to support their return to health, return to work and return to independence
- improve injury management practices and return to work performance
- improve application of evidence-based treatment for injured workers
- improve decision-making with decision support tools
- strengthen financial and business integrity for sustainability
- provide assurance that Comcare scheme employers and determining authorities have effective claims and injury management systems in place

- ensure that licensed self-insurers comply with their conditions of licence and meet continuous improvement targets.

Program 1.2 expenses

- The Special Appropriation under s90D of *the Safety, Rehabilitation and Compensation Act 1988* (Grants received from Portfolio Departments) relates to workers' compensation claims that were accepted prior to the establishment of the Comcare premium scheme on 1 July 1989. The costs of these claims are funded from the Consolidated Revenue Fund.
- Expenses for claims accepted since 1 July 1989 are funded from premium revenue paid to Comcare and do not require appropriation.

Table 2.1.2A Program 1.2 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forw ard year 1 \$'000	2015-16 Forw ard year 2 \$'000	2016-17 Forw ard year 3 \$'000
Annual departmental expenses:					
Annual Appropriation	423	424	419	420	424
Grants received from Portfolio Department	45,573	42,355	40,981	39,161	37,143
Expenses not requiring appropriation in the Budget year	330,780	338,764	341,966	354,637	368,470
Expenses not requiring appropriation in the Budget year ¹	9,981	11,750	16,640	21,983	27,690
Total program expenses	386,757	393,293	400,006	416,201	433,727

¹ This revenue relates to non-cash movements in workers' compensation claims liabilities.

Program 1.2 components

- Component 1.2.1 – SRC Act Regulation
- Component 1.2.2 – Management of Premium Claims
- Component 1.2.3 – Management of Pre-Premium Claims
- Component 1.2.4 – Provide support to the Seafarers Safety, Rehabilitation and Compensation Authority

Table 2.1.2B Program 1.2 components

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forw ard year 1 \$'000	2015-16 Forw ard year 2 \$'000	2016-17 Forw ard year 3 \$'000
<u>1.2.1 - SRC Act Regulation</u>					
Expenses not requiring Appropriation in the Budget year	12,142	14,101	14,569	14,749	14,932
Total component expenses	12,142	14,101	14,569	14,749	14,932
<u>1.2.2 - Management of Premium Claims</u>					
Expenses not requiring Appropriation in the Budget year	358,977	367,106	372,372	387,587	404,127
Total component expenses	358,977	367,106	372,372	387,587	404,127
<u>1.2.3 - Management of Pre-Premium Claims</u>					
Grants from Portfolio Department	45,573	42,355	40,981	39,161	37,143
Expenses not requiring Appropriation in the Budget year	(31,300)	(31,701)	(29,398)	(26,795)	(23,992)
Total component expenses	14,273	10,654	11,583	12,366	13,151
<u>1.2.4 - Provide support to the Seafarers' Safety Rehabilitation and Compensation Authority</u>					
Annual departmental expenses:					
Annual Appropriation	423	424	419	420	424
Expenses not requiring Appropriation in the Budget year	942	1,008	1,063	1,079	1,093
Total component expenses	1,365	1,432	1,482	1,499	1,517
Total program expenses	386,757	393,293	400,006	416,201	433,727

Program 1.2 deliverables

The program deliverables for this outcome are:

- compensation decisions that are consistent, prompt and fair
- better support for Comcare decision makers through improved insight and business process reforms in response to trends identified through accurate and accessible data
- disputes are resolved quickly, fairly and at a low cost
- expectations of employers’ roles and responsibilities as rehabilitation authorities are clear and are supported by targeted audits and regulatory activity
- cost base is optimised so that every dollar Comcare spends counts.

Program 1.2 key performance indicators

The performance indicators for this outcome are:

- employers’ and injured workers’ satisfaction with recovery and support services
- other key performance indicators are described in the table below.

Table 2.1.2C Program 1.2 key performance indicators

Key performance indicators	2012-13 Revised budget	2013-14 Budget target	2014-15 Forw ard year 1	2015-16 Forw ard year 2	2016-17 Forw ard year 3
Durable return to work rate (i.e. the percentage of injured workers with ten or more days lost time who were working in a paid job 7 to 9 months after lodging their claim)	77%	89%	90%	90%	90%
Funding ratio (i.e. percentage of premium-related total assets to premium-related total liabilities)	67%	70%	74%	78%	82%
Percentage of licensees compliant with licensing obligations	97%	100%	100%	100%	100%
Commonwealth average premium rate	1.77	1.82	1.82	1.82	1.82

Outcome 3: Access to compensation for people with asbestos-related diseases where the Commonwealth has a liability, through management of claims

Outcome 3 strategy

Comcare will achieve this outcome by:

- paying appropriate compensation to victims of asbestos-related diseases in a timely manner
- managing the Commonwealth’s asbestos-related disease liabilities at common law in accordance with relevant laws and Australian Government policies
- strengthening expertise in asbestos claims management through collaboration with stakeholder and research initiatives.

Outcome 3 expense statement

Table 2.1.3 provides an overview of the total expenses for Outcome 3, by program.

Table 2.1.3 Budgeted expenses for Outcome 3

Outcome 3: Access to compensation for people with asbestos-related diseases where the Commonwealth has a liability through management of claims	2012-13 Estimated actual expenses \$'000	2013-14 Estimated expenses \$'000
Program 1.3: Comcare		
Revenue from Government		
Ordinary annual services (Appropriation Bill No. 1)	5,075	5,085
Grants received from portfolio department	20,428	23,957
Revenues from other independent sources	1,233	1,630
Revenues from other independent sources	10,800	-
Total for Program 1.3	37,536	30,672
Outcome 3 Totals by resource type		
Revenue from Government		
Ordinary annual services (Appropriation Bill No. 1)	5,075	5,085
Grants received from portfolio department	20,428	23,957
Revenues from other independent sources	1,233	1,630
Revenues from other independent sources	10,800	-
Total expenses for Outcome 3	37,536	30,672
	2012-13	2013-14
Average Staffing Level (number)	23	22

Contributions to Outcome 3

Program 1.3 Comcare

Program objective

The objectives of this outcome are:

- to provide responsive and sensitive support to people suffering from an asbestos-related disease and their families and work towards the earliest possible resolution of their claim
- to collaborate with stakeholders to define a better approach to the management of common law asbestos-related claims
- to recover contributions to compensation payments from third parties which, in turn, should contribute to the funds available for future compensation payments to primary claimants who have an asbestos-related disease.

Program 1.3 expenses

Claims administration and claims settlements costs are expected to remain relatively stable in the budget and forward years. The movement (non-cash) in outstanding claims liabilities is expected to reduce over the forward estimates.

Table 2.1.3 Program 1.3 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Annual departmental expenses:					
Annual Appropriation	5,075	5,085	5,023	5,074	5,126
Grants received from portfolio department ¹	20,428	23,957	27,250	28,794	30,147
Expenses not requiring appropriation in the Budget year	1,233	1,630	1,959	1,980	1,998
Expenses not requiring appropriation in the Budget year ²	10,800	-	(3,700)	(5,500)	(7,200)
Total program expenses	37,536	30,672	30,532	30,348	30,071

¹ Refers to special appropriation under the *Asbestos-related Claims (Management of Commonwealth Liabilities) Act 2005*.

² This revenue relates to non-cash movements in the asbestos related claims liability

Program 1.3 deliverables

The program deliverables for this outcome are:

- asbestos-related claims are managed consistently and in accordance with relevant legislation or Australian Government policies
- support for Safe Work Australia to harmonise approaches to safety, statutory and common law compensation for workplace dust diseases
- accurate data and other information about asbestos-related liabilities to ensure accurate valuation of future projected liabilities
- delivery of practical programs and research which raise awareness of asbestos, improve its management and removal and provide better treatment

and support for asbestos-related disease sufferers and their families (for example, the Asbestos Innovation Fund and a National Asbestos Forum).

Program 1.3 key performance indicators

The performance indicators for this outcome are:

- the extent to which Comcare complies with the Commonwealth Legal Service Directions, the management objectives contained in the Asbestos Litigation Policy Statement and any Court/Tribunal Rules/Orders in respect of all asbestos-related disease claims
- the accuracy and completeness of data given to external actuaries for the purpose of the annual actuarial valuation of asbestos-related liabilities
- other performance measures are described in the table below.

Table 2.1.3A Program 1.3 key performance indicators

Key performance indicators	2012-13 Revised budget	2013-14 Budget target	2014-15 Forward year 1	2015-16 Forward year 2	2016-17 Forward year 3
The percentage of primary asbestos claims settled by Comcare within 180 calendar days	81%	65%	65%	65%	65%
Percentage of the value of asbestos claims settlements recovered from third parties	10%	5%	5%	5%	5%

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of Comcare’s finances for the 2013–14 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and Government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

Comcare has no movement of administered funds to report. For this reason Table 3.1.1 is not presented.

3.1.2 Special Accounts

Special Accounts provide a means to set aside and record amounts used for specified purposes. Special Accounts can be created by a Finance Minister’s Determination under the FMA Act or under separate enabling legislation. Table 3.1.2 shows the expected additions (receipts) and reductions (payments) for the special account for which the Seafarers Safety, Rehabilitation and Compensation Authority is responsible.

Table 3.1.2 Estimates of Special Account flows and balances

	Opening balance 2013-14 2012-13	Receipts 2013-14 2012-13	Payments 2013-14 2012-13	Adjustments 2013-14 2012-13	Closing balance 2013-14 2012-13
Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Seafarers Rehabilitation and Compensation Account s20 FMA Act (A)	1,339 1,339	132 132	132 132	- -	1,339 1,339
Total Special Accounts					
2013-14 Budget estimate	1,339	132	132	-	1,339
<i>Total Special Accounts</i>					
<i>2012-13 estimated actual</i>	1,339	132	132	-	1,339

(A) = Administered

The Special Account was established for the purpose of providing a safety net under section 96 of the *Seafarers Rehabilitation and Compensation Act 1992* for the compensation and rehabilitation of injured seafarers not otherwise covered by an employer.

Transactions against this special account reflect:

- levy collections from shipping operators

- expenses incurred in the administration of the Seafarers Safety Net Fund and claim payments (if any).

3.1.3 Australian Government Indigenous Expenditure

Comcare has no Australian Government Indigenous Expenditure to report. For this reason Table 3.1.3 is not presented.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

There is a significant difference between the resources shown as being available in Table 1.1: Comcare resource statement and the financial statements. The 'estimate of prior amounts available in 2013-14' in the Comcare resource statement relates to retained premium funds from Comcare's workers' compensation business, which are held to discharge future claims liabilities. Table 3.2.2: Budgeted departmental balance sheet also includes significant financial assets (appropriations receivable) which will fund claim payments over the lifetime of the outstanding claims. For most other agencies appropriations are included in their resource statements. Because Comcare's appropriation receivables are for very long term liabilities and are non-cash in nature they have not been shown in the Comcare resource statement.

3.2.2 Analysis of budgeted financial statements

Revenue from independent sources

Comcare's total independent revenue is estimated to increase from \$402.9 million in 2012-13 to \$469.6 million in 2013-14.

In 2011-12, major upward adjustments to the actuarial estimate for outstanding claims liabilities resulted in a substantial operating loss and a negative equity position for Comcare at 30 June 2012. Comcare has since implemented strategies to address the growth in claims liabilities and to restore its equity position over a ten year period. Total premium set for 2013-14 will be \$64.4 million higher than last year. The 2013-14 premium includes a recovery margin which is designed to return Comcare to a positive equity position over the planned timeframe, in accordance with Comcare's published Framework for Setting Premiums.

The drivers of the growth in claims liabilities in 2011-12 continue to have an impact on the Scheme's performance in 2012-13 and forward years. Comcare has been working collaboratively with employers in a number of targeted programs to improve exit rates for long tail claims and return to work outcomes. However, to tackle broader issues which contribute to the increasing complexity and cost of claims Comcare requires a more comprehensive strategic response.

In 2012, the Minister for Employment and Workplace Relations commissioned a comprehensive review of the SRC Act. The review was conducted by Peter Hanks QC and was aimed at modernising the Comcare Scheme to take account of changes in employment arrangements and workplace practices since

the legislation was first introduced in 1988. The review is now completed and has made over 100 recommendations.

On 2 May 2013, the Minister for Employment and Workplace Relations announced plans to make Comcare best practice for work health and safety and rehabilitation, through:

- amendments to the *Safety, Rehabilitation and Compensation Act 1988* to improve rehabilitation and return to work provisions
- a national rehabilitation program
- the appointment of an expert medical advisor to help define and promote the health benefits of work and the early return to work of ill and injured workers
- Comcare working with the Institute of Safety, Compensation and Recovery Research to coordinate a national health benefits of work research program
- Comcare partnering with the Royal Australasian College of Physicians, Faculty of Occupational and Environmental Medicine and the Royal Australian College of GPs to
 - develop a ‘therapeutic guideline’ to best prescribe work as part of a rehabilitation program
 - trial a medical case conferencing model to help facilitate early return to work
 - test new approaches to ‘fit for work’ medical certification by General Practitioners in respect of ill or injured workers
 - provide support for General Practitioners to access expert advice through online resources and telephone advisory
 - define a national vocational rehabilitation policy to ensure consistent standards across Australia for workplace based rehabilitation.

The total amount to be collected through premiums and the premiums for each agency will be determined by Comcare in June 2013 when all data has been obtained.

Licence fees and regulatory charges are expected to increase by 6 per cent and 12 per cent respectively in 2013–14. Comcare has committed additional resources in 2013–14 to strengthen regulation under the SRC Act for premium payers.

A breakdown of revenue from independent sources for 2012–13 and 2013–14 is as follows:

Table 3.2.2A Revenue from independent sources

	2012-13	2013-14
	Estimated actual	Budget estimate
	\$'000	\$'000
Premium	343,536	407,926
Interest	24,263	23,986
Licence fees	14,840	15,766
Regulatory Contributions	17,463	19,574
Sale of Goods & Services	2,760	2,342
Other non tax revenue	-	-
Total	402,862	469,594

Expenses

Comcare’s total expenses are estimated at \$448.6 million in 2013–14 compared to total expenses of \$448.5 million in 2012–13.

Variances between the two years include:

- an increase in suppliers expense of \$5.4 million to support strategic programs designed to further improve claims management and Scheme performance
- claims payments are estimated to increase by \$11.9 million as projected by the independent actuarial assessment, offset by an estimated reduction of \$19.8 million in the movement in claims liabilities.

Claims liabilities

There are two elements of outstanding workers’ compensation claims liabilities:

- claims with a date of injury before 1 July 1989 – referred to as pre-premium claims
- claims with a date of injury on or after 1 July 1989 – referred to as premium claims.

It is expected that pre-premium claims liabilities will continue to decrease over time, while premium claims liabilities will continue to increase as new claims are incurred in future.

The other major component of Other Provisions in the Balance Sheet is an actuarial assessment for asbestos-related common law liabilities.

All claims liability provisions are based on independent actuarial valuations at the central estimates. In response to external advice, Comcare is actively exploring the option of recognising claims liabilities on the basis of the central estimate plus the risk margin that would achieve a 75 per cent probability of sufficiency. If adopted this change would increase outstanding claims liabilities.

Estimates for gross claims liabilities as at 30 June 2013 and each forward year are as follows:

Table 3.2.2B Gross claims liabilities

	2012-13	2013-14	2014-15	2015-16	2016-17
	\$'000	\$'000	\$'000	\$'000	\$'000
Workers' compensation liabilities					
Premium	2,246,800	2,310,500	2,373,700	2,440,800	2,513,000
Pre-Premium	415,700	383,900	354,400	327,500	303,400
Asbestos-related common law	710,200	710,000	705,800	699,600	691,500

Operating result for 2012-13

The estimate of the operating result for 2012-13 has been revised down to a surplus of \$47.4 million, compared to the original budget of \$58.7 million. The reduction in estimated surplus reflects a number of offsetting changes in estimates for revenues and expenses.

It is important to note that the final operating result for 2012-13 is dependent on movements in claims liabilities which will be determined by the final actuarial valuations as at 30 June 2013.

3.2.3 Budgeted financial statements tables

Table 3.2.1 Comprehensive Income Statement (Showing Net Cost of Services) for the period ended 30 June

	Estimated actual	Budget estimate	Forward estimate	Forward estimate	Forward estimate
	2012-13	2013-14	2014-15	2015-16	2016-17
	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES					
Employee benefits	68,212	70,364	67,038	68,213	69,407
Suppliers	33,598	39,021	37,940	38,119	38,299
Depreciation and amortisation	7,153	7,607	7,607	7,607	7,607
Claims payments	286,540	298,396	312,169	322,833	333,120
Claims - movement in liabilities	53,000	33,200	31,200	35,500	41,400
Total expenses	448,503	448,588	455,954	472,272	489,833
LESS:					
OWN-SOURCE INCOME					
Sale of goods and rendering of services	2,760	2,342	2,412	2,484	2,559
Licence fees	14,840	15,766	16,177	16,229	16,267
Regulatory contributions	17,463	19,574	20,095	20,159	20,206
Interest	24,263	23,986	30,136	36,831	44,267
Grants received from portfolio department	66,001	66,312	68,231	67,955	67,290
Workers' compensation premium	343,536	407,926	425,196	441,652	458,473
Other non-tax revenue	20,781	11,750	12,940	16,483	20,490
Total own-source revenue	489,644	547,656	575,187	601,793	629,552
Net cost of (contribution by) services	(41,141)	(99,068)	(119,233)	(129,521)	(139,719)
Revenue from Government	6,279	6,291	6,215	6,270	6,333
Surplus (Deficit) attributable to the Australian Government	47,420	105,359	125,448	135,791	146,052

Prepared on an Australian Accounting Standards basis.

Table 3.2.2 Budgeted departmental balance sheet (as at 30 June)

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2012-13	2013-14	2014-15	2015-16	2016-17
	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS					
Financial assets					
Cash and cash equivalents	314,507	444,076	589,829	746,802	911,296
Trade and other receivables	2,546,070	2,550,897	2,556,550	2,565,779	2,584,869
Other financial assets	4,443	4,443	4,443	4,443	4,443
Total financial assets	2,865,020	2,999,416	3,150,822	3,317,024	3,500,608
Non-financial assets					
Land and buildings	-	-	-	-	-
Property, plant and equipment	23,198	27,244	30,879	35,664	38,099
Intangibles	8,208	6,566	6,074	4,432	5,890
Other non-financial assets	1,275	1,275	1,275	1,275	1,275
Total non-financial assets	32,681	35,085	38,228	41,371	45,264
Total assets	2,897,701	3,034,501	3,189,050	3,358,395	3,545,872
LIABILITIES					
Payables					
Suppliers	7,686	7,686	7,686	7,686	7,686
Other payables	1,314	1,314	1,314	1,314	1,314
Total payables	9,000	9,000	9,000	9,000	9,000
Provisions					
Employee provisions	15,603	15,344	14,945	14,499	15,924
Other provisions	3,374,720	3,406,420	3,435,920	3,469,920	3,509,920
Total provisions	3,390,323	3,421,764	3,450,865	3,484,419	3,525,844
Total liabilities	3,399,323	3,430,764	3,459,865	3,493,419	3,534,844
Net assets	(501,622)	(396,263)	(270,815)	(135,024)	11,028
EQUITY					
Parent entity interest					
Contributed equity	7,717	7,717	7,717	7,717	7,717
Reserves	357	357	357	357	357
Retained surplus					
(accumulated deficit)	(509,696)	(404,337)	(278,889)	(143,098)	2,954
Total parent entity interest	(501,622)	(396,263)	(270,815)	(135,024)	11,028
Total Equity	(501,622)	(396,263)	(270,815)	(135,024)	11,028

Prepared on an Australian Accounting Standards basis.

**Table 3.2.3 Departmental statement of changes in equity – summary of movement
(Budget year 2013-14)**

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2013					
Balance carried forward from previous period	(509,696)	357	-	7,717	(501,622)
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	(509,696)	357	-	7,717	(501,622)
Comprehensive income					
Surplus (deficit) for the period	105,359	-	-	-	105,359
Total comprehensive income	105,359	-	-	-	105,359
Estimated closing balance as at 30 June 2014	(404,337)	357	-	7,717	(396,263)
Less: non-controlling interests	-	-	-	-	-
Closing balance attributable to the Australian Government	(404,337)	357	-	7,717	(396,263)

Prepared on an Australian Accounting Standards basis.

Table 3.2.4 Budgeted departmental statement of cash flows (for the period ended 30 June)

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2012-13	2013-14	2014-15	2015-16	2016-17
	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	6,279	6,291	6,215	6,270	6,333
Sale of goods and services	35,063	37,682	38,684	38,872	39,031
Interest	24,263	23,986	30,136	36,831	44,267
Grants received from portfolio department	67,551	66,312	68,231	67,955	67,290
Other	377,889	448,719	467,716	485,817	504,321
Total cash received	511,045	582,990	610,982	635,745	661,242
Cash used					
Employees	62,710	65,200	61,850	62,905	67,981
Suppliers	36,957	42,924	41,734	41,933	42,130
Net GST paid	29,145	35,889	37,650	39,276	40,867
Other	286,540	298,396	312,169	322,833	333,120
Total cash used	415,352	442,409	453,403	466,947	484,098
Net cash from (used by) operating activities	95,693	140,581	157,579	168,798	177,144
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	20,335	11,012	11,825	11,825	12,650
Total cash used	20,335	11,012	11,825	11,825	12,650
Net cash from (used by) investing activities	(20,335)	(11,012)	(11,825)	(11,825)	(12,650)
Net increase (decrease) in cash held	75,358	129,569	145,754	156,973	164,494
Cash and cash equivalents at the beginning of the reporting period	239,148	314,506	444,075	589,829	746,802
Cash and cash equivalents at the end of the reporting period	314,506	444,075	589,829	746,802	911,296

Prepared on an Australian Accounting Standards basis.

Table 3.2.5 Departmental capital budget statement

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forw ard estimate 2014-15 \$'000	Forw ard estimate 2015-16 \$'000	Forw ard estimate 2016-17 \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources	18,486	10,011	10,750	10,750	11,500
TOTAL	18,486	10,011	10,750	10,750	11,500
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	18,486	10,011	10,750	10,750	11,500
Total cash used to acquire assets	18,486	10,011	10,750	10,750	11,500

Prepared on an Australian Accounting Standards basis.

Table 3.2.6 Statement of asset movements (2013-14)

	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2013			
Gross book value	45,185	17,809	62,994
Accumulated depreciation/amortisation and impairment	(21,987)	(9,601)	(31,588)
Opening net book balance	23,198	8,208	31,406
Estimated expenditure on new or replacement assets			
By purchase or internally developed	9,861	150	10,011
Total additions	9,861	150	10,011
Other movements			
Depreciation/amortisation expense	(5,815)	(1,792)	(7,607)
Total other movements	(5,815)	(1,792)	(7,607)
As at 30 June 2014			
Gross book value	55,046	17,959	73,005
Accumulated depreciation/amortisation and impairment	(27,802)	(11,393)	(39,195)
Closing net book balance	27,244	6,566	33,810

Prepared on an Australian Accounting Standards basis.

Table 3.2.7 Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2012-13	2013-14	2014-15	2015-16	2016-17
	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Suppliers	132	132	132	132	132
Total expenses administered on behalf of Government	132	132	132	132	132
LESS:					
OWN-SOURCE INCOME					
Other revenue	132	132	132	132	132
Total own-sourced income administered on behalf of Government	132	132	132	132	132
Net Cost of (contribution by) services	-	-	-	-	-
Surplus (Deficit)	-	-	-	-	-
Total comprehensive income (loss)	-	-	-	-	-

Prepared on an Australian Accounting Standards basis.

Table 3.2.8 Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2012-13	2013-14	2014-15	2015-16	2016-17
	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS					
Financial assets					
Cash at Bank	1	1	1	1	1
Taxation receivables	8	8	8	8	8
Trade and other receivables	1,339	1,339	1,339	1,339	1,339
Total financial assets	1,348	1,348	1,348	1,348	1,348
Total assets administered on behalf of Government	1,348	1,348	1,348	1,348	1,348
LIABILITIES					
Payables					
Prepayments	2	2	2	2	2
Other payables	115	115	115	115	115
Total payables	117	117	117	117	117
Total liabilities administered on behalf of Government	117	117	117	117	117
Net assets/(liabilities)	1,231	1,231	1,231	1,231	1,231

Prepared on an Australian Accounting Standards basis.

Table 3.2.9 Schedule of budgeted administered cash flows (for the period ended 30 June)

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2012-13	2013-14	2014-15	2015-16	2016-17
	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES					
Cash received					
Other	132	132	132	132	132
Total cash received	132	132	132	132	132
Cash used					
Other	132	132	132	132	132
Total cash used	132	132	132	132	132
Net cash from (used by) operating activities	-	-	-	-	-
Net increase (decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at beginning of reporting period	1	1	1	1	1
Cash from Official Public Account for:					
- Special Accounts	132	132	132	132	132
Cash to Official Public Account for:					
- Special Accounts	132	132	132	132	132
Cash and cash equivalents at end of reporting period	1	1	1	1	1

Prepared on an Australian Accounting Standards basis.

3.2.10 Schedule of Administered Capital Budget

Comcare has no administered capital purchases to report. For this reason Table 3.2.10 is not presented.

3.2.11 Schedule of Asset Movements – Administered

Comcare has no administered non-financial assets to report. For this reason Table 3.2.11 is not presented.

3.2.4 Notes to the financial statements

Accounting policy

The budgeted financial statements have been prepared in accordance with the requirements of the Finance Minister’s Orders issued by the Minister for Finance and Deregulation.

The statements have been prepared:

- on an accrual accounting basis
- in compliance with Australian Accounting Standards and Australian Equivalents to International Financial Reporting Standards (AEIFRS) and other authoritative pronouncements of the Australian Accounting Standards Boards and the Consensus Views of the Urgent Issues Group
- having regard to Statements of Accounting Concepts.

Agency items

Agency assets, liabilities, revenues and expenses are those items that are controlled by Comcare.

Administered assets, liabilities, revenues and expenses relate to the Seafarers Safety, Rehabilitation and Compensation Authority (Seafarers Authority) which collects levies under the *Seafarers Rehabilitation and Compensation Levy Collection Act 1992*. The Seafarers Authority is controlled by the Government and managed by Comcare.

Comprehensive income statement

Revenue from government

Comcare receives an annual appropriation for the management of asbestos related claims, the administration of the Seacare Authority and some of Comcare’s regulatory activities.

Table 3.2.4A Agency revenue from government

Reconciliation between Agency Resource Statement and Income Statement	2012-13 Revised Budget \$'000	2013-14 Budget \$'000
Agency Resource Statement		
Annual Appropriation	6,279	6,291
Grants received from Portfolio Department	66,001	66,312
Income Statement		
Revenue from Government	6,279	6,291
Grants received from Portfolio Department	66,001	66,312
Non Tax Revenue	20,781	11,750
	(20,781)	(11,750)
Government funding for non-cash movement in liabilities	20,781	11,750
Total	-	-

Agency revenue from other sources

Comcare receives the following revenue from other sources:

- sale of goods and rendering of services
- licence fees
- regulatory contributions
- interest
- workers compensation premiums
- grants received from portfolio department
- other non-tax revenue.

Workers compensation premiums

The premium scheme covers employees of Commonwealth Government agencies and the ACT Government covered by the SRC Act for injuries and illnesses sustained on or after 1 July 1989. Premiums are determined to fully fund the expected scheme liabilities as advised by independent actuaries.

Premiums do not cover liabilities for injuries or illness sustained prior to 1 July 1989. These liabilities are funded by Parliamentary appropriation and are referred to as 'pre-premium' liabilities.

Grants received from portfolio department

'Grants received from portfolio department' represent cash appropriation for the payment of pre-premium claims and administration costs, and asbestos claims costs.

Other non-tax revenue

'Other non-tax revenue' is a non-cash appropriation representing:

- the notional interest on retained premium funds held with the Australian Government; and
- the movement in claims liabilities payable in future years based on independent actuarial assessment.

Administration expenses

Comcare administration expenses include:

- employee expenses – includes salaries, superannuation and the net increase in employee entitlements
- suppliers – includes goods and services procured from suppliers
- depreciation and amortisation – Property, plant and equipment assets are depreciated over their useful lives of 3–10 years. Leasehold improvements are amortised over the lesser of the estimated useful life of the improvement or the unexpired period of the lease. Intangibles are amortised over a period between 3–5 years. In all cases, assets are depreciated using the straight line method.

Claims expenses

Comcare recognises two types of claims expenses:

1. Claims payments – includes workers' compensation claims payments (premium and pre-premium) and common law settlements for asbestos-related compensation cases.
2. Movement in liabilities – net movements in outstanding workers' compensation claims liabilities are recognised as expenses.

Departmental balance sheet

Cash and cash equivalents

Cash and cash equivalents include deposits at call and term deposits with a bank or financial institution.

Trade and other receivables

Other receivables is the combined value of:

- pre-premium and asbestos special appropriation receivable
- premiums collected by Comcare prior to 1 July 2002 held by the Australian Government plus earned notional interest, in accordance with Section 90C of the SRC Act.

Employee provisions

The provision for employee entitlements encompasses unpaid annual and long service leave. No provision is made for sick leave.

Other provisions

Provision is made for:

- outstanding workers' compensation claims liabilities
- asbestos-related common law liabilities.

These estimates have been prepared by independent actuaries. They are based on analysis of the historical development of the relevant claims experience, with allowances for future claim escalation and administration expenses, and are discounted to a present value to allow for the time value of money.

The estimates of outstanding liabilities have been determined as central estimate of the liabilities. The central estimate refers to an unbiased estimate of the mean, or expected value, of the liability. There is approximately a 50/50 chance that when the forecast claim liabilities have been finally discharged they will prove to be either higher or lower than the central estimate.